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MEMORANDUM FOR: Deputy Director (Support)

SUBJECT: Bonding of Agency Personnel

REFERENCES:
(a) Memorandum for DD/S from Chairman, Bond Committee, dated 26 January 1956; subject above
(b) Memorandum for DD/S from CFD, dated 18 February 1955; subject "Bond Coverage"
(c) Memorandum for the Record by DD/S, dated 6 October 1954; subject above

1. The committee has now completed its review of the types of positions within the Agency wherein protection of the Government's interest would appear to require bonding of incumbents. The positions reviewed fall into three general categories, as follows:

a. Positions involving accountability for Vouchered Funds.

b. Positions involving accountability for Confidential Funds.

c. Positions involving accountability for Property.

2. With respect to positions involving accountability for vouchered funds, it is the opinion of the committee that security and operational considerations with respect to activities utilizing the funds are not such as to justify deviation from the bonding policy generally followed by other government agencies and/or prescribed by general legislation. It is the present practice that all Vouchered Fund Disbursing Officers, Imprest Fund Cashiers and Certifying Officers be bonded.

3. In the case of positions involving accountability for confidential funds, operational and security considerations have under prior bonding arrangements generally been such as to limit bonding to persons at Headquarters [redacted]. The present Position Schedule Bond does not require identification of individuals or locations in order to effect bond coverage; thus the security [redacted]

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4. Although the new Position Schedule Bond [illegible] for restrictions of security information [illegible] possible that security limitations would,

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SEE REVERSE FOR DECLASSIFICATION ACTION

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[redacted]

5. Even though it is doubtful that the Agency generally would be in a position to realize on a claim for loss of confidential funds under a bonding arrangement, there may, of course, be circumstances wherein prosecution of the claim might be undertaken. Also there appears to be some psychological advantage in bond coverage on persons charged with primary responsibility for funds. Accordingly, present policy provides, security permitting, for the bonding of Agent Cashiers, Imprest Fund Cashiers, Finance Officers responsible for the custody and control of funds (Agent Cashiers and Disbursing Officers), and Certifying Officers (see ref. b.)

6. The amounts for which various classes of persons are bonded currently under the Position Schedule Bond satisfy the requirements of pertinent statutes and regulations of the Treasury. They are also consistent with sound Government and business practice.

7. The committee has now concluded that the emphasis on personal responsibility provided by bond coverage is of such significance that all persons charged with primary responsibility for the use and custody of funds should be bonded, but that subordinate operational and administrative personnel delegated responsibility for custody of funds should not be bonded. The adoption of this policy will broaden present bond coverage to the extent that all Chiefs of Class B Stations and Bases (who, since no Finance Officers are assigned, serve as Principal Official Custodians under Agency regulations) will be bonded.

8. Although it is recognized that persons charged with accountability for property often assume major pecuniary liability as a result of such responsibility, bond coverage is not required by law nor recommended for these positions. This recommendation is based on the fact that security considerations limit the advantage accruing to the Agency for such coverage and the fact that general practice in other Government agencies (e.g., GSA) is not to bond such persons.

9. If the bonding policy stated above is approved, each incumbent of the positions requiring bond coverage will be required to furnish

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a form of bond application. This form will not be furnished to the bonding company, but will be retained in Agency files to support coverage under the bond and to assure that each person bonded is aware of the pecuniary liability he has assumed.

10. RECOMMENDATIONS.

1. It is recommended that you approve a continuation of the present bonding policy, with the inclusion of Chiefs of Class B Stations and Bases under the Agency Position Schedule Bond. (For purposes of correspondence with the bonding company, they will be assimilated into the category of Assistant Area Disbursing Officers, a category in which Finance Officers currently are included.)

2. It is recommended that you delegate to the Comptroller the authority to reduce the bond of any Imprest Fund Cashier to $1000 whenever it is not reasonably anticipated that the cashier in question will handle amounts greater than that sum at any one time.

3. It is recommended that you delegate to the Comptroller the authority to determine which posts now or hereafter established within the Agency fall under the positions established by the Position Schedule Bond, and that you authorize the Comptroller to approve amendments to the bond consonant with the policies expressed in this memorandum.

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[redacted]
Chairman

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/s/ [redacted]
Finance Division

/s/ [redacted]
Fiscal Division

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/s/ [redacted]
Office of Security

/s/ [redacted]
Office of General Counsel

CONCURRENCE:

/s/ see attachment
Deputy Director (Plans)

Date: 21 Aug 56

The recommendations contained in paragraph 10 are approved.*

/s/ [redacted]
Acting L. K. White
Director (Support)

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Approval is given with the following qualifications:
o names of Clandestine Services personnel at Headquarters or overseas, or of DD/S or DD/I personnel overseas will be at any time revealed to a onding company or other outside component without prior specific DD/P concurrence; and that o claims will be prosecuted on the personnel enumerated in the foregoing without prior ecific DD/P concurrence.

/s/ LKW

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